

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

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1998 Biennial Regulatory Review,
Streamlined Contributor Reporting
Requirements Associated with
Administration of Telecommunications
Relay Services, North American
Numbering Plan, Local Number
Portability, and Universal Service
Support Mechanisms

CC Docket No. 98-171

JOINT SUBMISSION OF PROGRAM ADMINISTRATORS
REGARDING ELECTRONIC FILING CAPABILITY

INTRODUCTION

In the July 14, 1999 Order in this proceeding, the Commission concluded, based on its experience in other proceedings, that making available an electronic filing system for the Telecommunications Reporting Worksheet FCC Form 499 may allow filers and program administrators to not only reduce costs but improve accuracy as well.¹ Accordingly, the Commission took initial steps in that proceeding to develop and move to an electronic filing system. The Commission concluded it was imperative that the development of, and the transition to, an eventual electronic filing system be conducted with great involvement from the administrators and carriers.

¹ 1998 Biennial Regulatory Review Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Services, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms, *Report and Order* in CC Docket No. 98-171, FCC 99-175 (July 14, 1999) (*Contributor Reporting Requirements Order*).

As an initial step, the Commission directed the program administrators, NeuStar (the local number portability administrator), the North American Numbering Plan Billing and Collection Agent ("NBANC"), the National Exchange Carrier Association, Inc. ("NECA") (the Telecommunications Relay Services Fund administrator) and the Universal Service Administrative Company ("USAC") (the federal Universal Service Fund administrator), collectively referred to as "the program administrators," to assess and report to the Bureau, within 180 days of the release of the July Order, on the feasibility of implementing electronic filing.² The Commission stated that it expected the program administrators to address the potential start-up and on-going operating costs of an electronic system to the administrators and carriers, and that they address measures and costs associated with ensuring the accuracy and security of filed contributor data. Finally, the Commission, keeping with its accessibility commitment, directed the administrators to report on their ability -- both now and on a continuing basis -- to make electronic systems accessible to persons with disabilities.

The Commission specified that any electronic filing system not require expensive start-up costs for filers, and concluded that any electronic filing proposal must satisfy a cost-benefit analysis. The Commission instructed the program administrators to conduct such an analysis. It is within this context that the program administrators submit this filing on the feasibility of electronic reporting of the FCC Form 499 pursuant to the Commission's July 14, 1999 Order.

DEFINITION OF ELECTRONIC FILING

The term "electronic filing," is somewhat vague. It could be something as simple as downloading a form from the Internet, completion of the form and return as an E-mail

² *Contributor Reporting Requirements Order* at ¶ 54.

attachment, or as sophisticated as a system with individual password protected access for all carriers. For purposes of this filing, the administrators have evaluated an “electronic filing” process that consists of online access to the Form 499 via the Internet to complete the required data request, the transmission from the carrier to the data collection agent (DCA), and a basic online screening for accuracy and reasonableness.³ Choosing an electronic filing system of this level is likely to produce maximum participation on the part of the contributors, which as discussed below is key to the system’s viability. A less complex system would likely be perceived as “unsafe” to handle sensitive company data, while a more sophisticated system (e.g., one that allows contributors to view previous submissions online or conduct year to year analysis) would be too costly to implement. Thus both extremes are eliminated from this cost-benefit analysis.

ALTERNATIVE PROCESSES

There are several possible methods of implementing electronic filing as described above. For example, the electronic filing capability could be accomplished through spreadsheet transfer, use of custom software, or access via the Internet. Each of these electronic processes has advantages and disadvantages associated with it.

Spreadsheet

The spreadsheet method could be accomplished by including a diskette containing the Form 499 in the contributors’ filing materials distributed prior to each filing (or as a download

³ Examples of basic on-line screen for accuracy and reasonableness include: checking that all mandatory fields have been entered and total revenue data is equal to or greater than the total of interstate and international revenue for a revenue line.

from a website).⁴ While relatively low in cost to implement for the data collection agent, this method of electronic filing would not permit instant transmission of data to the data collection agent's database, requiring continued work by the DCA to upload the data. This methodology would also require that contributors own or purchase the spreadsheet software used on the diskette. Once the contributor has completed the form, there are two apparent choices for transmitting it back to the DCA. The filer can mail it (somewhat defeating the purpose of replacing a paper copy), or the filer can transmit it via E-mail (which raises questions of data security for carriers).

Thus, while this alternative would likely be the least-cost alternative, it is also likely to produce the least amount of benefit in terms of process simplification and cost savings to the contributors and the program administrators.⁵

Custom Software

A second alternative would entail development of custom software that would be supplied to filers for installation on an on-site personal computer that would link directly to the DCA's server. This process would require contributing carriers to maintain certain software and hardware capability in order to participate in an electronic filing process. In addition to significant development costs for the DCA, this method could result in additional costs to the contributing carriers, or significant updating costs to the DCA which would be at least equal to current cost for mailings and data entry.

⁴ For some interim period of time, the data collection agent will transmit a paper copy of the Form and instructions to all filers, until such time as the data collection agent can ascertain an individual company's preference for electronic filing.

⁵ We note that this option is already essentially available to carriers as the Form 431 (TRS Fund Worksheet), Form 457 (Universal Service Fund Worksheet), Form 487 (Local Number Portability Form), Form 496 (North American Numbering Plan Worksheet), and Form 499S (Telecommunications Reporting Worksheet) are and were available on the Internet for download from the respective administrators web sites for previous filings.

Web-Based Form

A third method of electronic transmission of data is via a web-based form (html format). In order to utilize a web-based form, filers only need access to a browser and Internet connection. This method requires no investment in additional software or hardware which translates into minimal or zero start-up costs for filers. Sophisticated encryption security is available to ensure that data is kept confidential. A web-based form also allows for immediate confirmation that the DCA has received a filing that passed initial edits.

Such a process would enable the DCA to create initial edits which would require, for example, that all mandatory fields have been entered, and that total revenue data is equal to or greater than the total of interstate and international revenue for a given revenue line. Having all of the required data and basic data edits included in the initial submission of the Form 499 significantly reduces the amount of time a DCA customer service representative is required to spend in following-up with contributors to verify or correct this information.

The DCA would be required to both develop and maintain the web-based system, or outsource development and maintenance of the process to a third-party vendor. The following cost-benefit analysis utilizes the web-based form electronic filing concept.

COST- BENEFIT ANALYSIS

In order to analyze whether an electronic filing system would provide a cost reduction, it is important to understand the functions performed in the data collection process and the current cost.

For each data collection cycle, the DCA will continue to take steps to ensure that information is transmitted to the industry reminding them of their statutory requirement to

complete the Form 499. This requirement is not eliminated by a voluntary electronic filing system; thus any electronic filing system will not eliminate postage costs, as initial packages (or at a minimum notification cards) will continue to be mailed to carriers. The traditional paper processing system will generate the same database maintenance costs regardless of how many carriers choose an electronic filing option.

Any reduced cost to the program administrators due to utilization of an electronic filing system would be realized primarily in the data entry function, i.e., the initial review of the paper form for completeness and reasonability of the data, and the physical entering of the data from the form into the database. Historically, the average cost of the data entry function for a paper form is \$31.50.⁶

The administrators, in preparing this report, contacted a third party vendor to obtain information about start-up and ongoing costs of providing the web-based filing process. While actual cost of outsourcing this function would ultimately vary with the number of data fields included on the form and the level of edits required, the administrators have determined that the start-up, development costs of this approach are approximately \$17,500.⁷ Once established, the

⁶ This figure has been adjusted from historical costs to parallel the format of the proposed Form 499-A.

⁷ USAC does not concur in the estimated development costs set forth in the text. USAC believes that these estimates significantly under-reflect the actual development and maintenance costs. For example, USAC spent more than \$5 million in 1998 developing the on-line Form 470 application process in the Schools and Libraries (SL) Program. While those costs reflect development of the web site and database for more than just the Form 470, USAC believes that it is reasonable to attribute approximately one-third of those costs to the Form 470. USAC also believes that the Form 470 roughly approximates the complexity of the Form 499-A, and offers good data for this comparison. For the first funding cycle of the SL Program, USAC incurred charges of approximately \$3/form to process the certification for the electronic submissions, and approximately \$6/form on data entry and verification. USAC reports that the per form cost for both activities increased in the second funding cycle, but that the rate of increase for the paper submission increased more resulting in an approximate 3.4:1 ratio. Thus, in USAC's view, the ratio of 2:1 for electronic submissions is the minimum benefit available from electronic submissions, and the benefit is likely greater if the system remains stable.

DCA would incur \$.50 on a per transaction basis.⁸ An hourly charge of \$125/ hour would be assessed for system maintenance and system enhancements.

When comparing the cost of the data entry component of the traditional paper form processing to the start-up and per form electronic processing as estimated from the contacted third-party vendor, it is estimated that 625 filers, or approximately 13% of April 1 Form 499-A filers would need to opt for electronic filing of the form in the first year in order for the program administrators to begin to realize a decrease in data entry costs. Assuming minimal changes in edits from submission to submission which would necessitate additional programming costs, future submissions would only require 165 electronic filers, or approximately 3% of the population for the program administrators to start realizing a decreased data entry cost.

While on the surface, there appears to be a reasonable opportunity to benefit from an electronic filing process, the program administrators respectfully suggest that, with the FCC Form 499 submission required on April 1, 2000, a survey be included with the filing materials to determine if there are a sufficient number of carriers interested in utilizing an electronic filing option. A survey would also help ascertain any reasons why a company would choose not to file their Telecommunications Reporting Worksheet electronically (i.e. company does not have access to the Internet, company is more comfortable dealing with paper, company is concerned with security issues), so that any decision to develop an electronic filing system could address those concerns.

Assuming that this approach for gathering industry information is acceptable, it is unlikely that an electronic filing system could be implemented prior to the April 1, 2001 Form

⁸ Each submission, whether an original or a revision, is considered a transaction.

499-A data collection, and in no case earlier than one year from the date the Commission would order the implementation of such a system.

ACCESSIBILITY TO PERSONS WITH DISABILITIES

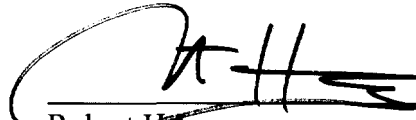
The Commission directed the program administrators to report on their ability to make electronic systems accessible to persons with disabilities. To the extent that many people with disabilities currently use computers and have access to the Internet, we believe that our proposal will be immediately available to a sizeable number of persons with disabilities.⁹ Also, the electronic filing proposal has not been suggested to replace the traditional paper filing process, but rather to supplement the already existing traditional paper process. It is hopeful, that with continued advances within the information processing industry, the program administrators will be able to expand accessibility to more persons with disabilities.

CONCLUSION

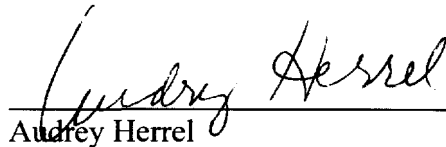
As discussed above, since industry participation is key to the success of an electronic filing process, the program administrators respectfully suggest that the Commission conduct a survey of industry contributors to determine the level of interest in electronic filing prior to ordering the DCA to initiate development of an electronic filing system.

⁹ Design specifications for any electronic filing system would comport with the World Wide Web Consortium's Web Accessibility Initiative which are designed to promote a high degree of usability for people with disabilities. *See* <http://www.w3.org/WAI>.

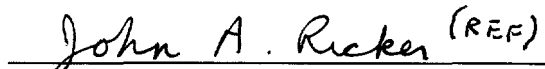
Respectfully Submitted,

A handwritten signature in black ink, appearing to read "R. Haga", written over a horizontal line.

Robert Haga
Vice President, Operations
Universal Service Administrative Company

A handwritten signature in black ink, appearing to read "Audrey Herrel", written over a horizontal line.

Audrey Herrel
Director
NeuStar, Number Portability Administration Center

A handwritten signature in black ink, appearing to read "John A. Ricker", written over a horizontal line. The letters "REF" are written in parentheses to the right of the signature.

John A. Ricker
Executive Director- Universal Service
Programs Support
National Exchange Carrier Association, Inc.

Chief Executive Officer
North American Numbering Plan Billing
and Collection Agent